

WILLIAM A. MUNDELL
CHAIRMAN

JIM IRVIN
COMMISSIONER

MARC SPITZER
COMMISSIONER

JEFF HATCH-MILLER
COMMISSIONER

MIKE GLEASON
COMMISSIONER



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ARIZONA CORPORATION COMMISSION

MEMORANDUM

TO: Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Marc Spitzer
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason

Arizona Corporation Commission

DOCKETED

JAN 09 2003

FROM: Mark Sendrow *MS*
Director of Securities

DOCKETED BY

MS

DATE: January 8, 2003

RE: Tad L. Ulrich & Tad Ulrich & Associates, LLC, Docket No. S-03472A-02-0000
(Scottsdale Financial Funding Group, LLC, et al.)

CC: Brian C. McNeil, Executive Secretary

AZ CORP COMMISSION
DOCUMENT CONTROL

2003 JAN -9 P 1:24

RECEIVED

Attached is a proposed Order to Cease and Desist, Order of Restitution, Order for Administrative Penalties, and Consent to Same (Order), fully executed by Tad L. Ulrich for himself and for his limited liability company, Tad Ulrich and Associates, LLC. The proposed order finds violations of the Securities Act, including the sale of unregistered securities and misrepresentations and omissions in the sale of securities.

On March 29, 2002, the Division filed a Notice against Mr. Ulrich and others, alleging that Respondents were involved in the offer and sale of investment contracts, i.e., securities, within and from Arizona, from around 1997 through 2001. The investment contracts included membership interests in limited liability companies and factoring programs, involving the purchase of uncollected corporate accounts receivable and consumer debt, at a discount, with the promise of profits from the collection of the receivables and debt.

In the proposed Order, Respondents have consented to make full restitution to the 64 investors who he solicited into these investments, which totals \$4,719,452, plus interest from the date of the investments. They are also agreeing to pay administrative penalties in the amount of \$25,000.

Memo to Commissioners re:
Tad L. Ulrich
January 8, 2003
Page Two

Respondents have agreed that they will not offer or sell, directly or indirectly, securities or provide investment advisory services, within or from Arizona, and that they will not apply for registration as a securities salesman or dealer, or licensure as an investment adviser or investment adviser representative in Arizona.

MS: ptj
W/ attachments
Originator: Pamela T. Johnson
Assistant Attorney General Assigned: Moira McCarthy

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL

Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

5 JEFF HATCH-MILLER

Commissioner

6 MIKE GLEASON

Commissioner

7 In the matter of)

) DOCKET NO. S-03472A-02-0000

8 SCOTTSDALE FINANCIAL FUNDING)
GROUP, LLC)

9 4000 North Scottsdale Road)
Scottsdale, AZ 85251)

) DECISION NO. _____

10 MARTIN & GRIFFIN, LLC)

11 4000 North Scottsdale Road)
Scottsdale, AZ 85251)

) **ORDER TO CEASE AND DESIST, ORDER**
) **OF RESTITUTION, ORDER FOR**
) **ADMINISTRATIVE PENALTIES AND**
) **CONSENT TO SAME**

12 GREGORY B. GILL aka GREGORY P.)
GILL,)

13 4015 N. 78th St. #141)
Scottsdale, AZ 85251)

) **BY: TAD LYN ULRICH and TAD L. URICH**
) **& ASSOCIATES, LLC**

14 HAYDEN KEITH HOLLAND)

15 5618 E. Montecito)
Phoenix, AZ 85018-3223)

16 TAD L. ULRICH & ASSOCIATES, LLC)

17 13386 North 88th Place)
Scottsdale, AZ 85260)

18 TAD LYN ULRICH)

19 13386 North 88th Place)
Scottsdale, AZ 85260)

20 SENIOR ADVISORY SERVICES, LLC)

21 1401 Kimdale Street)
Lehigh Acres, Florida 33936)

22 WALLACE BUTTERWORTH)

23 1411 East Orangewood Avenue #239)
Phoenix, AZ 85020)

24 **RESPONDENTS.**)

25

26

1 TAD LYN ULRICH and TAD L. ULRICH & ASSOCIATES, LLC ("ULRICH
2 RESPONDENTS") elect to permanently waive any right to a hearing and appeal under Articles 11
3 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to
4 this Order To Cease And Desist ("Order"). ULRICH RESPONDENTS admit the jurisdiction of
5 the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding
6 and any other administrative proceeding before the Commission or any other administrative
7 agency of the State of Arizona the Findings of Fact and Conclusions of Law contained in this
8 Order; and consent to the entry of this Order by the Commission.

9 I.

10 FINDINGS OF FACT

11 1. TAD L. ULRICH & ASSOCIATES, LLC is an Arizona limited liability company
12 organized on March 3, 1999. It is and was at all pertinent times located at 13386 N. 88th Place,
13 Scottsdale, Arizona, 85260.

14 2. TAD LYN ULRICH ("TAD ULRICH") is an individual whose last known address
15 is 13386 N. 88th Place, Scottsdale, Arizona, 85260. TAD ULRICH was at all pertinent times
16 managing member of TAD L. ULRICH & ASSOCIATES, LLC. At all pertinent times, ULRICH
17 was a sales agent for MARTIN & GRIFFIN, LLC ("M&G") and/or SCOTTSDALE FINANCIAL
18 FUNDING GROUP, LLC ("SFF"). ULRICH is a licensed insurance salesman in Arizona.

19 3. Beginning in or around 1999, ULRICH RESPONDENTS solicited investors in two
20 investment programs, in which investors were told that they would receive profits from the
21 management efforts of others: The Credit Investors, LLC "Non-Performing or Consumer Debt
22 Program" and the M&G "Factoring or Accounts Receivable Management Program."

23 4. ULRICH was solicited to sell Credit Investors, LLC and M&G investments by
24 GREGORY B. GILL ("GILL"), who represented himself as the managing member of M&G and a
25 purported principal, owner, officer, director, or shareholder of Credit Investors, LLCs and of SFF.
26

1 5. GILL is an individual whose last known address is 4015 N. 78th St. #141,
2 Scottsdale, Arizona 85251. On July 20, 1988, a federal grand jury indicted GILL and another co-
3 founder of a company in Newport Beach, California called First Capital Corporation, alleging
4 various instances of mail and wire fraud. A jury convicted GILL on one count of conspiracy and
5 two counts of wire fraud relating to charges of preparing a phony financial statement and guaranty
6 used to defraud investors. GILL was sentenced to five years imprisonment, five years probation,
7 and an order to pay \$89,300 in restitution. GILL appealed the conviction, and the judgment was
8 affirmed by the United States Court of Appeals for the Seventh Circuit in Opinion No. 89-1372,
9 *United States of America v. Gregory B. Gill*, decided on August 3, 1990. ULRICH asserts that he
10 was not aware of GILL's criminal history until approximately December 2001.

11 6. ULRICH RESPONDENTS solicited private investors through public media
12 advertisements primarily targeted to retired persons and senior citizens, within or from Arizona.

13 7. ULRICH RESPONDENTS distributed written materials, provided by GILL, to
14 investors representing that "SFF is a finance company that specializes in analyzing and acquiring
15 select investment alternatives for the discriminating investor demanding better than average returns
16 without taking undue risk." SFF promised to provide investors with alternatives to the traditional
17 market place, with returns that were competitive with stocks and bonds, and that would allow them
18 to diversify their portfolio so that they were not dependent on the volatility that usually accompanies
19 the traditional market place. Investors were assured that only quality investments would be made
20 available for their benefit, and that SFF was committed to provide them profitable investment
21 alternatives, minimize risk, and provide high growth yield.

22 8. Since around 1998, ULRICH RESPONDENTS placed monthly ads in the Senior
23 World monthly newspaper promising "CD Alternatives" earning up to 8.5%. When prospective
24 investors called ULRICH about CD investments in response to his ad, ULRICH placed them in
25 SFF's and/or M&G's investment programs.
26

1 9. Some offerees and investors in the SFF investment programs are unsophisticated and
2 inexperienced in investments.

3 10. Some investors were given only promotional materials and receipts or IRA custodial
4 applications prior to their investments.

5 *"Purchase of Non-Performing and Consumer Debt Program"*

6 11. Beginning around December 1999, ULRICH RESPONDENTS solicited passive
7 investments in a program involving the sale of membership interests in a series of companies called
8 "Credit Investors, LLCs," ULRICH RESPONDENTS distributed marketing materials to investors
9 describing this investment program as a "Purchase of Non-Performing and Consumer Debt," with
10 management services to be provided by SFF.

11 12. Investor contracts for the "Purchase of Non-Performing and Consumer Debt"
12 program include an "Operating Agreement" whereby the investor is to become a member of a
13 limited liability company called "Credit Investors, LLCs," and a "Member Representation
14 Agreement." The Operating Agreement represents that the nature of the business and of the
15 purposes to be conducted and promoted by the Company shall be to engage the acquisition,
16 collection and disposition of non-performing receivables. Salesmen describe the investment as
17 involving "non-collected consumer credit card-type paper."

18 13. ULRICH RESPONDENTS represented to investors in written promotional materials
19 provided by GILL that their investments in the "Purchase of Non-Performing and Consumer Debt"
20 program involve certain risks but that SFF has taken steps to reduce the risks to investors. SFF
21 represented that those steps include a strategic partnership between SFF and Intervention &
22 Recovery Specialist Corp. (IRSC), a collections company that purportedly engages in the
23 management and collection of consumer and commercial paper for profit. SFF represented that
24 IRSC has been successfully collecting on non-performing commercial and consumer debt for over
25 38 years. SFF further represented that "because IRSC scrutinizes the debt first hand, we know
26 exactly what we are purchasing, thereby minimizing the risk to our investors." ULRICH

1 RESPONDENTS did not disclose the address or telephone number for IRSC or the identity of any
2 of its principals, or its financial condition. IRSC made no filing with the Arizona Corporation
3 Commission for authorization to operate in Arizona as a domestic or foreign corporation.

4 14. Credit Investors, LLCs made no filings with the Arizona Corporation Commission
5 for authorization to operate in Arizona as limited liability companies.

6 15. Distributions have not been paid to most investors since around October 2001.

7 16. Approximately 32 investors invested approximately \$4,300,397 in SFF's Non-
8 Performing and Consumer Debt "Credit Investors, LLC" program, of which ULRICH
9 RESPONDENTS solicited at least \$1,579,694 from 15 investors, mostly Arizona residents.

10 *"Factoring and Accounts Receivable Management Program"*

11 17. Beginning around June 1999, ULRICH RESPONDENTS solicited passive
12 investments in another program involving factored receivables allegedly purchased from a Phoenix-
13 based company, American Business Funding Group, Inc. ("ABF"). ULRICH RESPONDENTS
14 distributed marketing materials that represented that ABF's professional credit management team
15 with over 20 years of experience would "perform all credit, accounting and other technical and
16 servicing functions," and that ABF proposed to expand its business "by selling commercial accounts
17 receivable to various independent third-party buyers. For this servicing and marketing function,
18 ABF will receive a fee comprised of a portion of the gross fees earned by the buyer." Marketing
19 materials referred to this program as "Factoring and Accounts Receivable Management" (the "M&G
20 factoring program"). M&G was to purchase the accounts receivable, and the investors were to share
21 in the profits of those investments.

22 18. The "Commercial Factoring" investment program was promoted as a "business
23 opportunity" in which a "participant" "can project returns of 10%+ per annum - in a fully secured
24 AND INSURED environment" and "Returns with safety - a promise from Scottsdale Financial
25 Funding Group, LLC."
26

1 19. ULRICH RESPONDENTS told some investors that ABF and third parties manage
2 and monitor the investment and do everything to service the investors; that SFF and M&G and their
3 principals have a procuring agreement with ABF and perhaps other suppliers of factored paper,
4 under which SFF and/or M&G own the receivables and that investors will share the profits from
5 administration of the factored paper; that investors can get a distribution quarterly or reinvest the
6 dividends, accrued quarterly, for a one-year, two-year, or three-year term; that at the end of the
7 investment term, investors will get a return of their investment capital plus interest if any has
8 accrued, or they have an opportunity to reinvest if they choose.

9 20. The amount of the interest or profit varies in accordance with the amount invested
10 and the term of the investment. Although marketing materials represent the minimum investment as
11 \$100,000, investments of \$25,000 have been accepted in the program.

12 21. ULRICH RESPONDENTS gave investors promotional materials provided by GILL
13 that described the commercial factoring program as a "Factoring and Accounts Receivable
14 Management" program. Investor contracts included an "Accounts Receivable Purchase Agreement"
15 and a "Purchaser Representation Agreement."

16 22. The Purchaser Representation Agreement represents that M&G is in the business of
17 acquiring the receivables from "Clients," and describes a sharing of interests in the receivables as
18 follows: M&G "agrees to sell and assign to Purchaser all of its rights, title, and interest in and to
19 each Receivable or pro rata portion thereof that Purchaser agrees to purchase. M&G shall not be
20 obligated to sell any specific Receivables to Purchaser and nothing provided herein shall be
21 construed to obligate M&G to provide any minimum or maximum amount of Receivables for sale to
22 Purchaser."

23 23. The Purchaser Representation Agreement represents that the profits to be obtained
24 by the investor are dependent on the efforts and expertise of third parties: "Since one of the most
25 critical aspects of the Factoring business is proper due diligence with respect to the Clients, the
26 Account Debtors, and monitoring of payments, the role of the servicers of these activities will be

1 important in determining whether Purchasers receive a return of, or any return on, their investment.
2 ... [T]hird parties will provide these services.”

3 24. The Purchaser Representation Agreement provides that profits to investors
4 (“Purchasers”) will be paid from fees paid to M&G and other third parties: “Clients will receive a
5 discounted purchase price for Receivables they sell directly or indirectly to M&G. Upon payment
6 of the Receivables by the Account Debtor, the Client will receive its remaining funds. Until such
7 repayment, these Clients will pay monthly fees to M&G and the servicers of the Receivables,
8 Purchasers will receive a portion of those fees. ... This compensation may vary depending upon the
9 amount invested by Purchasers and the terms of their investment.”

10 25. Investors were given no disclosure documents relating to the financial condition of
11 SFF or M&G, or their principals.

12 26. Investors were provided no background or financial information concerning any of
13 the third parties or principals of these third parties who will purportedly provide the services that
14 would produce a profit for investors.

15 27. Investors were provided no background or financial information concerning any
16 companies whose receivables SFF and/or M&G were allegedly buying or selling.

17 28. The contracts included statements that the investors are all “accredited,” as that term
18 is defined under securities laws. Many of the investors solicited by URLICH RESPONDENTS
19 were unaccredited.

20 29. ULRICH RESPONDENTS gave investors promotional materials provided by GILL
21 that represented that SFF receivables, in most cases, are insured to their full-face amount by
22 insurance provided by nationally-known insurance companies and that debtors are financially sound.
23 However, contrary to the representations contained in the promotional materials, the Purchaser
24 Representation Agreements state: “Certain of the Receivables purchased from M&G are or will be
25 insured to a limited extent by certain insurance policies. However, not all of the Receivables will be
26 covered by insurance, and thus no Purchaser should acquire Receivables in reliance on insurance.”

1 30. Investors were given no specific information concerning the alleged insurance.

2 31. Investors were given no background or financial information concerning the debtors
3 who were allegedly obligated to pay the receivables.

4 32. ULRICH RESPONDENTS gave investors promotional materials provided by GILL
5 that represented that "You are secured by an assignment of our security to you plus we pass title to
6 the purchased invoices to your entity. SFF manages the entire process on your behalf"
7 However, contrary to these representations, there is no provision in the investor contracts for
8 assigning security or passing title to purchased invoices to the investor, or for providing any security
9 for the investments.

10 33. Investors' funds were paid to M&G. Although the records of ABF reflect some
11 investment by M&G, there is no record on the books of ABF reflecting any investment by or on
12 behalf of any of M&G's investors.

13 34. On February 24, 2000, ABF filed a petition in the United States Bankruptcy Court
14 for the District of Arizona, for protection under Chapter 11 of the United States Bankruptcy Code.

15 35. Sometime prior to December 1999, according to ABF's bankruptcy filings, ABF
16 allegedly discovered that its controlling principal, Angelo Tullo, had been engaging in fraudulent
17 activities including forging signatures to create phony receivables and companies; destroying
18 documents and altering bank statements, client statements, buyer accounts, and other records; and
19 misappropriating ABF investor funds "to support his lavish lifestyle and to further his ponzi
20 scheme." As a result of the alleged fraudulent activities of former management, ABF estimated that
21 investors lost about \$8 million.

22 36. After ABF filed for bankruptcy protection, ULRICH RESPONDENTS continued to
23 offer and sell the M&G factoring program to investors without disclosing any of the background or
24 financial information about ABF, or its bankruptcy.

25 37. Individual private investors solicited by ULRICH RESPONDENTS, whose funds
26 were used to invest in ABF, were not identified as creditors in the ABF bankruptcy.

1 38. After February 2000, ABF was reorganized under new management and continued
2 operations as New Horizon Capital, Inc. ("New Horizon"). New Horizon solicited no new private
3 investors.

4 39. Although ULRICH RESPONDENTS continued to solicit new investors and new
5 funds after ABF's bankruptcy, SFF and M&G invested no new funds in New Horizon and
6 purchased no receivable paper from New Horizon or ABF since February 2000.

7 40. Approximately 59 investors invested approximately \$6,186,560 in M&G's Factoring
8 and Accounts Receivable Management program, of which ULRICH RESPONDENTS solicited at
9 least \$3,139,758 from 49 investors, mostly Arizona investors.

10 41. Distributions have not been paid to most investors since around October 2001.

11 42. In connection with the offer or sale of securities within or from Arizona,
12 RESPONDENT directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii)
13 made untrue statements of material fact or omitted to state material facts which were necessary in
14 order to make the statements made not misleading in light of the circumstances under which they
15 were made; and/or (iii) engaged in transactions, practices or courses of business which operated or
16 would operate as a fraud or deceit upon offerees and investors. ULRICH RESPONDENTS'
17 conduct includes, but is not limited to, the following:

- 18 a) Failing to disclose the nature of the investment;
- 19 b) Failing to fully disclose the risks;
- 20 c) Failing to provide investors with disclosure statements, prospectuses or
21 financial statements including but not limited to past operations, balance sheets,
22 statements of income, retained earnings, cash flows and uses of proceeds that
23 would reflect the financial position of these entities;
- 24 d) Failing to disclose financial and background information about third
25 parties that are supposed to provide management services and technical expertise
26 necessary to produce profits for the investors;

1 e) Failing to disclose the identities, the principals, or the financial condition
2 of the "clients" from whom the receivables were purchased or the debtors that are
3 obligated to pay the receivables;

4 f) Failing to disclose that IRSC, the company responsible for providing
5 management services and producing a profit for investors in the Credit Investors,
6 LLCs, is not authorized to conduct business as a domestic or foreign corporation in
7 Arizona.

8 g) Failing to disclose, after February 24, 2000, that ABF filed a petition for
9 bankruptcy protection under Chapter 11 of the United States Bankruptcy Code;

10 h) Failing to disclose, after February 2000, the alleged fraudulent conduct of the
11 former controlling principal of ABF that resulted in the alleged loss of approximately
12 \$8 million of investor funds; and

13 i) Failing to disclose that one of the principles of M&G and SFF, GREGORY
14 B. GILL, had a prior felony conviction for fraud involving misrepresentations in
15 soliciting an investment and misuse of investor funds.

16 II.

17 CONCLUSIONS OF LAW

18 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
19 Constitution and the Securities Act.

20 2. ULRICH RESPONDENTS offered or sold securities within or from Arizona, within
21 the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

22 3. ULRICH RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities
23 that were neither registered nor exempt from registration.

24 4. ULRICH RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities
25 while neither registered as a dealer or salesman nor exempt from registration.
26

5. ULRICH RESPONDENTS violated A.R.S. § 44-1991 by (a) employing a device, scheme or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and/or (c) engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

6. ULRICH RESPONDENTS' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. ULRICH RESPONDENTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. ULRICH RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and ULRICH RESPONDENTS consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that ULRICH RESPONDENTS, and any of ULRICH RESPONDENTS' agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that ULRICH RESPONDENTS shall pay restitution to investors shown on the records of the Commission in the amount of \$4,719,452 plus interest at the rate of 10% per annum from the date of the investment, pursuant to A.A.C. R14-4-308, subject to any legal set-offs by any other Respondents and verified by the Director of Securities. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro

rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that ULRICH RESPONDENTS shall, jointly and severally, pay administrative penalties in the amount of \$25,000. Payment shall be made in full by cashier's check or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2003.

BRIAN C. McNEIL
Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, Executive Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail shood@cc.state.az.us.

(PTJ)

CONSENT TO ENTRY OF ORDER

1
2 1. TAD LYN ULRICH and TAD L. ULRICH & ASSOCIATES, LLC ("ULRICH
3 RESPONDENTS"), admit the jurisdiction of the Commission over the subject matter of this
4 proceeding. ULRICH RESPONDENTS acknowledge that they have been fully advised of their
5 right to a hearing to present evidence and call witnesses and ULRICH RESPONDENTS
6 knowingly and voluntarily waive any and all rights to a hearing before the Commission and all
7 other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona
8 Administrative Code. ULRICH RESPONDENTS acknowledge that this Order to Cease and
9 Desist, Order of Restitution, Order for Administrative Penalties and Consent to Same ("Order")
10 constitutes a valid final order of the Commission.

11 2. ULRICH RESPONDENTS knowingly and voluntarily waive any right under Article 12
12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief
13 resulting from the entry of this Order.

14 3. ULRICH RESPONDENTS acknowledge and agree that this Order is entered into freely
15 and voluntarily and that no promise was made or coercion used to induce such entry.

16 4. ULRICH RESPONDENTS acknowledge that they have been represented by counsel in
17 this matter, they have reviewed this Order with their attorney and understand all terms it contains.

18 5. ULRICH RESPONDENTS admit only for purposes of this proceeding and any other
19 administrative proceeding before the Commission or any other administrative agency of the State
20 of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

21 6. By consenting to the entry of this Order, ULRICH RESPONDENTS agree not to take
22 any action or to make, or permit to be made, any public statement denying, directly or indirectly,
23 any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order
24 is without factual basis. ULRICH RESPONDENTS will undertake steps necessary to assure that
25 all of his agents and employees understand and comply with this agreement.
26

1 7. While this Order settles this administrative matter between ULRICH RESPONDENTS
2 and the Commission, ULRICH RESPONDENTS understand that this Order does not preclude the
3 Commission from instituting other administrative proceedings based on violations that are not
4 addressed by this Order.

5 8. ULRICH RESPONDENTS understand that this Order does not preclude the
6 Commission from referring this matter to any governmental agency for administrative, civil, or
7 criminal proceedings that may be related to the matters addressed by this Order.

8 9. ULRICH RESPONDENTS understand that this Order does not preclude any other
9 agency or officer of the state of Arizona or its subdivisions from instituting administrative, civil or
10 criminal proceedings that may be related to matters addressed by this Order.

11 10. ULRICH RESPONDENTS agree that they will not apply to the state of Arizona for
12 registration as a securities dealer or salesman or for licensure as an investment adviser or
13 investment adviser representative at any time in the future.

14 11. ULRICH RESPONDENTS agree that they will not exercise any control over any entity
15 that offers or sells securities or provides investment advisory services, within or from Arizona.

16 12. ULRICH RESPONDENTS agree that until restitution and penalties are paid in full,
17 ULRICH RESPONDENTS will notify the Director of the Securities Division within 30 days of
18 any change in home address or any change in ULRICH RESPONDENTS' ability to pay amounts
19 due under this Order.

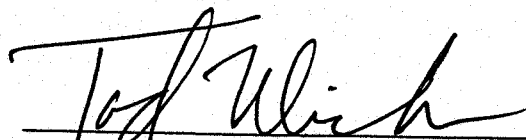
20 13. ULRICH RESPONDENTS understand that default shall render them liable to the
21 Commission for its costs of collection and interest at the maximum legal rate.

22 14. ULRICH RESPONDENTS agree that they will continue to cooperate with the
23 Securities Division including, but not limited to, providing complete and accurate testimony at any
24 hearing in this matter and cooperating with the state of Arizona in any related investigation or any
25 other matters arising from the activities described in this Order.
26

Docket No. S-03472A-02-0000

1 15. ULRICH RESPONDENTS consent to the entry of this Order and agree to be fully
2 bound by its terms and conditions. If ULRICH RESPONDENTS breach any provision of this
3 Order, the Commission may vacate this Order and restore this case to its active docket.

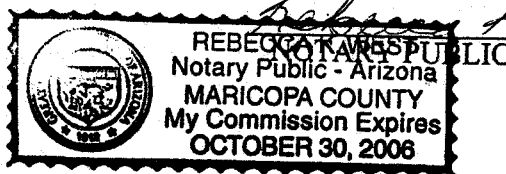
4 16. TAD LYN ULRICH represents that he is authorized by TAD L. ULRICH &
5 ASSOCIATES, LLC to enter into this Order for and on its behalf.

6
7 
8 TAD LYN ULRICH

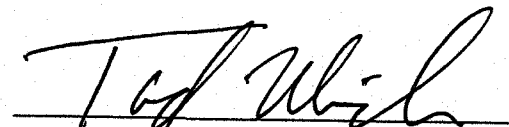
9 SUBSCRIBED AND SWORN TO BEFORE me this 7 day of January, 2003.

10
11 My Commission Expires:

12 10-30-06



TAD L. ULRICH & ASSOCIATES, LLC

27
28 
29 By Its Managing Member, TAD LYN ULRICH

30 SUBSCRIBED AND SWORN TO BEFORE me this 7 day of January, 2003.

31 My Commission Expires:

32 10-30-06

